

408. FINANCIAL DATA AND REPORTS - NEW FACILITIES

Intermediate Care Facilities for the Mentally Retarded that have recently opened for business and do not have twelve months of actual experience, or facilities newly participating in the Program, shall be paid a rate negotiated between the Program and the provider.

409. ALLOWABLE COST BASIS ON PURCHASE OF FACILITY AS AN ONGOING
OPERATION

The allowable basis of a facility purchased as an ongoing operation after July 1, 1976, shall be determined in accordance with the policies outlined in the Nursing Facility Reimbursement Manual.

410. INTEREST EXPENSE - EXCEPTION TO BORROWER-LENDER RELATIONSHIP

Exceptions to the general rule regarding interest on loans from controlled sources of funds (as specified in Part III of the Nursing Facility Reimbursement Manual) shall be made in the following circumstances. Interest on loans to facilities by partners, stockholders, or related organizations made prior to July 1, 1975, is allowable as cost, as determined by the Nursing Facility Reimbursement Manual, Part III, provided that the terms and conditions of payment of such loans have been maintained in effect without modification subsequent to July 1, 1975.

411. REIMBURSEMENT FOR SERVICES OF PHYSICIANS, DENTISTS AND
HOSPITALS

If physician (excluding psychiatry) or dental services are provided by an employee or if physician, dental or hospital services are provided under an ongoing contractual arrangement, all reasonable costs including direct patient services shall be recognized as routine service facility costs and shall not be billed to the Program directly by the physician, dentist, or hospital. This provision applies only to staff personnel while performing services which are in the scope of their employment or contractual agreement with the facility.

412. ADMINISTRATOR'S COMPENSATION

The limits on non-owner Administrator's compensation specified in Part III of the Nursing Facility Reimbursement Manual are not applicable to the ICF/MR facilities.

413. EDUCATIONAL COSTS

The cost associated with providing educational services to residents of ICF/MRs is not an allowable expense for reimbursement purposes. Education services provided in facilities or areas within an ICF/MR or on its property which are specifically identified for providing these services by or under contract with the state or local educational agency are not reimbursable. Examples of such costs are salaries, building depreciation costs, overhead, utilities, etc.

Whether or not educational services are provided in a specifically identified facility or area, no reimbursement is available for education or related services provided to a client during the periods of time the Individual Education Plan (IEP) requires that educational and related services be provided. All the services described in the IEP are excluded for Medicaid reimbursement, whether provided by state employees, by staff of the IC/MR or by others.

Related services may be reimbursed if the services are performed as a reinforcement and continuation of the same type of instruction before or after the formal training as part of the individual's program of active treatment.

Educational services not eligible for reimbursement are those which are:

- A. Provided in the building, rooms, or area designated or used as a school or educational facility; and
- B. Provided during the specific hours and time periods in which the educational instruction takes place in the normal school day and period of time for these students; and
- C. Included in the IEP for the specific student or required by Federal and State educational statutes or regulations; and
- D. Related services provided to a student under 22 years of age.

414. PURCHASE AND DISPOSAL OF SPECIALIZED MEDICAL EQUIPMENT

Specialized medical equipment such as eyeglasses, dentures, adaptive wheelchairs, etc., are a part of routine cost when purchased by the provider. These items are to be either expensed in the year of acquisition when appropriate or capitalized and depreciated when meeting the criteria for such acquisitions. Examples of items to be expensed would generally be most eyeglasses, dentures and other such items. Items to be capitalized and depreciated would be adaptive wheelchairs, braces if applicable, etc. If an individual patient's family wishes to purchase any of these items for the patient, they may do so but any reimbursement to the facility shall be offset against the cost of the equipment to the extent such cost is reported on the facility's books.

When a patient is discharged or voluntarily leaves a facility, the specialized equipment may be taken by the patient. If the facility charges the patient for the equipment and the equipment was originally expensed, this revenue shall be offset against the cost of medical supplies or administrative and general cost in the period when the

patient leaves. If the equipment was capitalized and depreciated, then the transaction is to be handled as any disposal of depreciable asset would be. If, however, the facility does not charge the patient for the equipment when they leave, then any remaining depreciation shall be included in the period when discharge occurred.

COMMONWEALTH OF KENTUCKY
Cabinet for Human Resources
Department for Medicaid Services

KENTUCKY MEDICAL ASSISTANCE PROGRAM
NURSING FACILITY PAYMENT SYSTEM

PART V
Institutions for Mental Diseases

TN # 90-6
Supersedes
TN # None

Approval
Date SEP 28 1990

Effective
Date 10-1-90